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**SUBSTITUTE SENATE BILL 5691**

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**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Zarelli, Prentice and Roach)

READ FIRST TIME 02/23/07.

1 AN ACT Relating to the near general fund and requiring revenue  
2 forecasts thereof; amending RCW 82.33.020, 43.135.025, 43.135.025,  
3 43.79.460, 43.79.465, 43.72.900, and 83.100.230; reenacting and  
4 amending RCW 43.08.250, 69.50.520, 70.146.030, and 43.135.045; and  
5 providing an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 82.33.020 and 2005 c 319 s 137 are each amended to  
8 read as follows:

9 (1) Four times each year the supervisor shall prepare, subject to  
10 the approval of the economic and revenue forecast council under RCW  
11 82.33.010:

12 (a) An official state economic and revenue forecast that includes  
13 all near general fund revenues as defined in RCW 43.135.025;

14 (b) An unofficial state economic and revenue forecast based on  
15 optimistic economic and revenue projections; and

16 (c) An unofficial state economic and revenue forecast based on  
17 pessimistic economic and revenue projections.

18 (2) The supervisor shall submit forecasts prepared under this  
19 section, along with any unofficial forecasts provided under RCW

1 82.33.010, to the governor and the members of the committees on ways  
2 and means and the chairs of the committees on transportation of the  
3 senate and house of representatives, including one copy to the staff of  
4 each of the committees, on or before November 20th, February 20th in  
5 the even-numbered years, March 20th in the odd-numbered years, June  
6 20th, and September 20th. All forecasts shall include both estimated  
7 receipts and estimated revenues in conformance with generally accepted  
8 accounting principles as provided by RCW 43.88.037.

9 (3) All agencies of state government shall provide to the  
10 supervisor immediate access to all information relating to economic and  
11 revenue forecasts. Revenue collection information shall be available  
12 to the supervisor the first business day following the conclusion of  
13 each collection period.

14 (4) The economic and revenue forecast supervisor and staff shall  
15 co-locate and share information, data, and files with the tax research  
16 section of the department of revenue but shall not duplicate the duties  
17 and functions of one another.

18 (5) As part of its forecasts under subsection (1) of this section,  
19 the supervisor shall provide estimated revenue from tuition fees as  
20 defined in RCW 28B.15.020.

21 **Sec. 2.** RCW 43.135.025 and 2005 c 72 s 4 are each amended to read  
22 as follows:

23 (1) The state shall not expend from the near general fund (~~and~~  
24 ~~related funds~~) during any fiscal year state moneys in excess of the  
25 state expenditure limit established under this chapter.

26 (2) Except pursuant to a declaration of emergency under RCW  
27 43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),  
28 the state treasurer shall not issue or redeem any check, warrant, or  
29 voucher that will result in a (~~state~~) near general fund (~~or related~~  
30 ~~fund~~) expenditure for any fiscal year in excess of the state  
31 expenditure limit established under this chapter. A violation of this  
32 subsection constitutes a violation of RCW 43.88.290 and shall subject  
33 the state treasurer to the penalties provided in RCW 43.88.300.

34 (3) The state expenditure limit for any fiscal year shall be the  
35 previous fiscal year's state expenditure limit increased by a  
36 percentage rate that equals the fiscal growth factor.

1 (4) For purposes of computing the state expenditure limit for the  
2 fiscal year beginning July 1, 2007, the phrase "the previous fiscal  
3 year's state expenditure limit" means the total state expenditures from  
4 the ((state)) near general fund ((and related funds)), not including  
5 federal funds, for the fiscal year beginning July 1, 2006, plus the  
6 fiscal growth factor.

7 (5) A state expenditure limit committee is established for the  
8 purpose of determining and adjusting the state expenditure limit as  
9 provided in this chapter. The members of the state expenditure limit  
10 committee are the director of financial management, the attorney  
11 general or the attorney general's designee, and the chairs and ranking  
12 minority members of the senate committee on ways and means and the  
13 house of representatives committee on appropriations. All actions of  
14 the state expenditure limit committee taken pursuant to this chapter  
15 require an affirmative vote of at least four members.

16 (6) Each November, the state expenditure limit committee shall  
17 adjust the expenditure limit for the preceding fiscal year based on  
18 actual expenditures and known changes in the fiscal growth factor and  
19 then project an expenditure limit for the next two fiscal years. If,  
20 by November 30th, the state expenditure limit committee has not adopted  
21 the expenditure limit adjustment and projected expenditure limit as  
22 provided in subsection (5) of this section, the attorney general or his  
23 or her designee shall adjust or project the expenditure limit, as  
24 necessary.

25 (7) "Fiscal growth factor" means the average growth in state  
26 personal income for the prior ten fiscal years.

27 (8) (~~"General fund" means the state general fund.~~

28 ~~(9) "Related")~~ "Near general fund" means the state general fund,  
29 health services account, violence reduction and drug enforcement  
30 account, public safety and education account, water quality account, or  
31 student achievement fund.

32 **Sec. 3.** RCW 43.79.460 and 1998 c 302 s 1 are each amended to read  
33 as follows:

34 (1) The savings incentive account is created in the custody of the  
35 state treasurer. The account shall consist of all moneys appropriated  
36 to the account by the legislature. The account is subject to the

1 allotment procedures under chapter 43.88 RCW, but no appropriation is  
2 required for expenditures from the account.

3 (2) Within the savings incentive account, the state treasurer may  
4 create subaccounts to be credited with incentive savings attributable  
5 to individual state agencies, as determined by the office of financial  
6 management in consultation with the legislative fiscal committees.  
7 Moneys deposited in the subaccounts may be expended only on the  
8 authorization of the agency's executive head or designee and only for  
9 the purpose of one-time expenditures to improve the quality,  
10 efficiency, and effectiveness of services to customers of the state,  
11 such as one-time expenditures for employee training, employee  
12 incentives, technology improvements, new work processes, or performance  
13 measurement. Funds may not be expended from the account to establish  
14 new programs or services, expand existing programs or services, or  
15 incur ongoing costs that would require future expenditures.

16 (3) For purposes of this section, "incentive savings" means  
17 (~~state~~) near general fund appropriations, as defined in RCW  
18 43.135.025, that are unspent as of June 30th of a fiscal year,  
19 excluding any amounts included in across-the-board reductions under RCW  
20 43.88.110 and excluding unspent appropriations for:

21 (a) Caseload and enrollment in entitlement programs, except to the  
22 extent that an agency has clearly demonstrated that efficiencies have  
23 been achieved in the administration of the entitlement program.  
24 "Entitlement program," as used in this section, includes programs for  
25 which specific sums of money are appropriated for pass-through to third  
26 parties or other entities;

27 (b) Enrollments in state institutions of higher education;

28 (c) A specific amount contained in a condition or limitation to an  
29 appropriation in the biennial appropriations act, if the agency did not  
30 achieve the specific purpose or objective of the condition or  
31 limitation;

32 (d) Debt service on state obligations; and

33 (e) State retirement system obligations.

34 (4) The office of (~~fiscal~~ ~~financial~~) financial management,  
35 after consulting with the legislative fiscal committees, shall report  
36 to the treasurer the amount of savings incentives achieved. By  
37 December 1, 1998, and each December 1st thereafter, the office of  
38 financial management shall submit a report to the fiscal committees of

1 the legislature on the implementation of this section. The report  
2 shall (a) evaluate the impact of this section on agency reversions and  
3 end-of-biennium expenditure patterns, and (b) itemize agency  
4 expenditures from the savings recovery account.

5 **Sec. 4.** RCW 43.79.465 and 2004 c 275 s 64 are each amended to read  
6 as follows:

7 The education savings account is created in the state treasury.  
8 The account shall consist of all moneys appropriated to the account by  
9 the legislature.

10 (1) Ten percent of legislative appropriations to the education  
11 savings account shall be distributed as follows: (a) Fifty percent to  
12 the distinguished professorship trust fund under RCW 28B.76.565; (b)  
13 seventeen percent to the graduate fellowship trust fund under RCW  
14 28B.76.610; and (c) thirty-three percent to the college faculty awards  
15 trust fund under RCW 28B.50.837.

16 (2) The remaining moneys in the education savings account may be  
17 appropriated solely for (a) common school construction projects that  
18 are eligible for funding from the common school construction  
19 account((~~τ~~)) and (b) technology improvements in the common schools((~~τ~~  
20 ~~and (c) during the 2001-03 fiscal biennium, technology improvements in~~  
21 ~~public higher education institutions~~)).

22 **Sec. 5.** RCW 43.08.250 and 2005 c 518 s 926, 2005 c 457 s 8, and  
23 2005 c 282 s 44 are each reenacted and amended to read as follows:

24 (1) The money received by the state treasurer from fees, fines,  
25 forfeitures, penalties, reimbursements or assessments by any court  
26 organized under Title 3 or 35 RCW, or chapter 2.08 RCW, shall be  
27 deposited in the public safety and education account which is hereby  
28 created in the state treasury. The legislature shall appropriate the  
29 funds in the account to promote traffic safety education, highway  
30 safety, criminal justice training, crime victims' compensation,  
31 judicial education, the judicial information system, civil  
32 representation of indigent persons under RCW 2.53.030, winter  
33 recreation parking, drug court operations, and state game programs.  
34 Appropriations may also be made to the savings incentive account and  
35 the education savings account. During the fiscal biennium ending June  
36 30, 2007, the legislature may appropriate moneys from the public safety

1 and education account for purposes of appellate indigent defense and  
2 other operations of the office of public defense, the criminal  
3 litigation unit of the attorney general's office, the treatment  
4 alternatives to street crimes program, crime victims advocacy programs,  
5 justice information network telecommunication planning, treatment for  
6 supplemental security income clients, sexual assault treatment,  
7 operations of the administrative office of the courts, security in the  
8 common schools, alternative school start-up grants, programs for  
9 disruptive students, criminal justice data collection, Washington state  
10 patrol criminal justice activities, drug court operations, unified  
11 family courts, local court backlog assistance, financial assistance to  
12 local jurisdictions for extraordinary costs incurred in the  
13 adjudication of criminal cases, domestic violence treatment and related  
14 services, the department of corrections' costs in implementing chapter  
15 196, Laws of 1999, reimbursement of local governments for costs  
16 associated with implementing criminal and civil justice legislation,  
17 the replacement of the department of corrections' offender-based  
18 tracking system, secure and semi-secure crisis residential centers,  
19 HOPE beds, the family policy council and community public health and  
20 safety networks, the street youth program, public notification about  
21 registered sex offenders, and narcotics or methamphetamine-related  
22 enforcement, education, training, and drug and alcohol treatment  
23 services.

24 (2)(a) The equal justice subaccount is created as a subaccount of  
25 the public safety and education account. The money received by the  
26 state treasurer from the increase in fees imposed by sections 9, 10,  
27 12, 13, 14, 17, and 19, chapter 457, Laws of 2005 shall be deposited in  
28 the equal justice subaccount and shall be appropriated only for:

29 (i) Criminal indigent defense assistance and enhancement at the  
30 trial court level, including a criminal indigent defense pilot program;

31 (ii) Representation of parents in dependency and termination  
32 proceedings;

33 (iii) Civil legal representation of indigent persons; and

34 (iv) Contribution to district court judges' salaries and to  
35 eligible elected municipal court judges' salaries.

36 (b) ~~((For the 2005-07 fiscal biennium, an amount equal to twenty-~~  
37 ~~five percent of revenues to the equal justice subaccount, less one~~  
38 ~~million dollars, shall be appropriated from the equal justice~~

1 ~~subaccount to the administrator for the courts for purposes of (a)(iv)~~  
2 ~~of this subsection.)~~ For the 2007-09 fiscal biennium and subsequent  
3 fiscal biennia, an amount equal to fifty percent of revenues to the  
4 equal justice subaccount shall be appropriated from the equal justice  
5 subaccount to the administrator for the courts for the purposes of  
6 (a)(iv) of this subsection.

7 **Sec. 6.** RCW 43.72.900 and 2005 c 518 s 930 are each amended to  
8 read as follows:

9 (1) The health services account is created in the state treasury.  
10 Moneys in the account may be spent only after appropriation. Subject  
11 to the transfers described in subsection (3) of this section, moneys in  
12 the account may be expended only for maintaining and expanding health  
13 services access for low-income residents, maintaining and expanding the  
14 public health system, maintaining and improving the capacity of the  
15 health care system, containing health care costs, ~~((and))~~ the  
16 regulation, planning, and administering of the health care system, and  
17 appropriations to the savings incentive account and the education  
18 savings account.

19 (2) Funds deposited into the health services account under RCW  
20 82.24.028 and 82.26.028 shall be used solely as follows:

21 ~~(a) ((Five million dollars for the state fiscal year beginning July~~  
22 ~~1, 2002, and five million dollars for the state fiscal year beginning~~  
23 ~~July 1, 2003, shall be appropriated by the legislature for programs~~  
24 ~~that effectively improve the health of low income persons, including~~  
25 ~~efforts to reduce diseases and illnesses that harm low income persons.~~  
26 ~~The department of health shall submit a report to the legislature on~~  
27 ~~March 1, 2002, evaluating the cost effectiveness of programs that~~  
28 ~~improve the health of low income persons and address diseases and~~  
29 ~~illnesses that disproportionately affect low income persons, and making~~  
30 ~~recommendations to the legislature on which of these programs could~~  
31 ~~most effectively utilize the funds appropriated under this subsection.~~

32 ~~(b))~~ Ten percent of the funds deposited into the health services  
33 account under RCW 82.24.028 and 82.26.028 ~~((remaining after the~~  
34 ~~appropriation under (a) of this subsection))~~ shall be transferred no  
35 less frequently than annually by the treasurer to the tobacco  
36 prevention and control account established by RCW 43.79.480. The funds  
37 transferred shall be used exclusively for implementation of the

1 Washington state tobacco prevention and control plan and shall be used  
2 only to supplement, and not supplant, funds in the tobacco prevention  
3 and control account as of January 1, 2001(~~(, however, these funds may~~  
4 ~~be used to replace funds appropriated by the legislature for further~~  
5 ~~implementation of the Washington state tobacco prevention and control~~  
6 ~~plan for the biennium beginning July 1, 2001)~~). For each state fiscal  
7 year beginning on and after July 1, 2002, the legislature shall  
8 appropriate no less than twenty-six million two hundred forty thousand  
9 dollars from the tobacco prevention and control account for  
10 implementation of the Washington state tobacco prevention and control  
11 plan.

12 ~~((e))~~ (b) Because of its demonstrated effectiveness in improving  
13 the health of low-income persons and addressing illnesses and diseases  
14 that harm low-income persons, the remainder of the funds deposited into  
15 the health services account under RCW 82.24.028 and 82.26.028 shall be  
16 appropriated solely for Washington basic health plan enrollment as  
17 provided in chapter 70.47 RCW. Funds appropriated under this  
18 subsection may be used to support outreach and enrollment activities  
19 only to the extent necessary to achieve the enrollment goals described  
20 in this section.

21 (3) Prior to expenditure for the purposes described in subsection  
22 (2) of this section, funds deposited into the health services account  
23 under RCW 82.24.028 and 82.26.028 shall first be transferred to the  
24 following accounts to ensure the continued availability of previously  
25 dedicated revenues for certain existing programs:

26 (a) To the violence reduction and drug enforcement account under  
27 RCW 69.50.520, ~~((two million two hundred forty nine thousand five~~  
28 ~~hundred dollars for the state fiscal year beginning July 1, 2001, four~~  
29 ~~million two hundred forty eight thousand dollars for the state fiscal~~  
30 ~~year beginning July 1, 2002, seven million seven hundred eighty nine~~  
31 ~~thousand dollars for the biennium beginning July 1, 2003, six million~~  
32 ~~nine hundred thirty two thousand dollars for the biennium beginning~~  
33 ~~July 1, 2005, and))~~ six million nine hundred thirty-two thousand  
34 dollars for each biennium ~~((thereafter))~~, as required by RCW  
35 82.24.020(2);

36 (b) To the health services account under this section, ~~((nine~~  
37 ~~million seventy seven thousand dollars for the state fiscal year~~  
38 ~~beginning July 1, 2001, seventeen million one hundred eighty eight~~

1 ~~thousand dollars for the state fiscal year beginning July 1, 2002,~~  
2 ~~thirty one million seven hundred fifty five thousand dollars for the~~  
3 ~~biennium beginning July 1, 2003, twenty eight million six hundred~~  
4 ~~twenty two thousand dollars for the biennium beginning July 1, 2005,~~  
5 ~~and))~~ twenty-eight million six hundred twenty-two thousand dollars for  
6 each biennium ((~~thereafter~~)), as required by RCW 82.24.020(3); and

7 (c) To the water quality account under RCW 70.146.030, ((~~two~~  
8 ~~million two hundred three thousand five hundred dollars for the state~~  
9 ~~fiscal year beginning July 1, 2001, four million two hundred forty four~~  
10 ~~thousand dollars for the state fiscal year beginning July 1, 2002,~~  
11 ~~eight million one hundred eighty two thousand dollars for the biennium~~  
12 ~~beginning July 1, 2003, seven million eight hundred eighty five~~  
13 ~~thousand dollars for the biennium beginning July 1, 2005, and)) seven  
14 million eight hundred eighty-five thousand dollars for each biennium  
15 ((~~thereafter~~)), as required by RCW 82.24.027((~~2~~)(a)).~~

16 ~~During the 2005-2007 fiscal biennium, the legislature may transfer~~  
17 ~~from the health services account such amounts as reflect the excess~~  
18 ~~fund balance of the account to the state general fund)).~~

19 **Sec. 7.** RCW 69.50.520 and 2005 c 518 s 937, 2005 c 514 s 1107, and  
20 2005 c 514 s 202 are each reenacted and amended to read as follows:

21 The violence reduction and drug enforcement account is created in  
22 the state treasury. All designated receipts from RCW 9.41.110(8),  
23 66.24.210(4), 66.24.290(2), 69.50.505(9)(a), 82.08.150 (5) and  
24 (7)(b)(iii), 82.24.020(2), 82.24.026(2)(c), 82.64.020, and section 420,  
25 chapter 271, Laws of 1989 shall be deposited into the account.  
26 Expenditures from the account may be used only for funding services and  
27 programs under chapter 271, Laws of 1989 and chapter 7, Laws of 1994  
28 sp. sess., including state incarceration costs. Funds from the account  
29 may also be appropriated to reimburse local governments for costs  
30 associated with implementing criminal justice legislation including  
31 chapter 338, Laws of 1997. During the 2003-2005 and 2005-2007  
32 bienniums, funds from the account may also be used for costs associated  
33 with providing grants to local governments in accordance with chapter  
34 338, Laws of 1997, funding drug offender treatment services in  
35 accordance with RCW 70.96A.350, maintenance and operating costs of the  
36 Washington association of sheriffs and police chiefs jail reporting  
37 system, maintenance and operating costs of the juvenile rehabilitation

1 administration's client activity tracking system, civil indigent legal  
2 representation, multijurisdictional narcotics task forces, transfers to  
3 the health services account, and grants to community networks under  
4 chapter 70.190 RCW by the family policy council. Appropriations may be  
5 made from the account to the savings incentive account and the  
6 education savings account.

7 **Sec. 8.** RCW 70.146.030 and 2005 c 518 s 940 and 2005 c 514 s 1108  
8 are each reenacted and amended to read as follows:

9 (1) The water quality account is hereby created in the state  
10 treasury. Moneys in the account may be used only in a manner  
11 consistent with this chapter. Moneys deposited in the account shall be  
12 administered by the department of ecology and shall be subject to  
13 legislative appropriation. Moneys placed in the account shall include  
14 tax receipts as provided in RCW 82.24.027, 82.24.026(2)(d),  
15 (~~82.26.025~~) 82.26.020, and 82.32.390, principal and interest from the  
16 repayment of any loans granted pursuant to this chapter, and any other  
17 moneys appropriated to the account by the legislature.

18 (2) The department may use or permit the use of any moneys in the  
19 account to make grants or loans to public bodies, including grants to  
20 public bodies as cost-sharing moneys in any case where federal, local,  
21 or other funds are made available on a cost-sharing basis, for water  
22 pollution control facilities and activities, or for purposes of  
23 assisting a public body to obtain an ownership interest in water  
24 pollution control facilities and/or to defray a part of the payments  
25 made by a public body to a service provider under a service agreement  
26 entered into pursuant to RCW 70.150.060, within the purposes of this  
27 chapter and for related administrative expenses. Appropriations may  
28 also be made to the savings incentive account and the education savings  
29 account. For the period July 1, 2005, to June 30, 2007, moneys in the  
30 account may be used to process applications received by the department  
31 that seek to make changes to or transfer existing water rights, for  
32 water conveyance projects, and for grants and technical assistance to  
33 public bodies for watershed planning under chapter 90.82 RCW. No more  
34 than three percent of the moneys deposited in the account may be used  
35 by the department to pay for the administration of the grant and loan  
36 program authorized by this chapter.

1 (3) Beginning with the biennium ending June 30, 1997, the  
2 department shall present a biennial progress report on the use of  
3 moneys from the account to the chairs of the senate committee on ways  
4 and means and the house of representatives committee on appropriations.  
5 The first report is due June 30, 1996, and the report for each  
6 succeeding biennium is due December 31st of the odd-numbered year. The  
7 report shall consist of a list of each recipient, project description,  
8 and amount of the grant, loan, or both.

9 **Sec. 9.** RCW 43.135.045 and 2005 c 518 s 931, 2005 c 314 s 401, and  
10 2005 c 72 s 6 are each reenacted and amended to read as follows:

11 (1) The emergency reserve fund is established in the state  
12 treasury. During each fiscal year, the state treasurer shall transfer  
13 an amount from the state general fund to the emergency reserve fund.  
14 The amount transferred shall equal the amount by which total state  
15 revenue for the near general fund (~~(and related funds)~~) exceeds the  
16 state expenditure limit, multiplied by the percentage that general fund  
17 expenditures are of total expenditures from the near general fund (~~(and~~  
18 ~~related funds)~~). Transfers shall be made at the end of each fiscal  
19 quarter based on projections of state revenues, expenditures, and the  
20 state expenditure limit. The treasurer shall make transfers between  
21 these accounts as necessary to reconcile actual annual revenues and the  
22 expenditure limit for fiscal year 2000 and thereafter.

23 (2) The legislature may appropriate moneys from the emergency  
24 reserve fund only with approval of at least two-thirds of the members  
25 of each house of the legislature, and then only if the appropriation  
26 does not cause total expenditures to exceed the state expenditure limit  
27 under this chapter.

28 (3) The emergency reserve fund balance shall not exceed five  
29 percent of annual near general fund(~~(—state)~~) revenues as projected by  
30 the official state revenue forecast. Any balance in excess of five  
31 percent shall be transferred on a quarterly basis by the state  
32 treasurer as follows: Seventy-five percent to the student achievement  
33 fund hereby created in the state treasury and twenty-five percent to  
34 the general fund balance. The treasurer shall make transfers between  
35 these accounts as necessary to reconcile actual annual revenues for  
36 fiscal year 2000 and thereafter. When per-student state funding for  
37 the maintenance and operation of K-12 education meets a level of no

1 less than ninety percent of the national average of total funding from  
2 all sources per student as determined by the most recent published data  
3 from the national center for education statistics of the United States  
4 department of education, as calculated by the office of financial  
5 management, further deposits to the student achievement fund shall be  
6 required only to the extent necessary to maintain the ninety-percent  
7 level. Remaining funds are part of the general fund balance and these  
8 funds are subject to the expenditure limits of this chapter.

9 (4) The education construction fund is hereby created in the state  
10 treasury.

11 (a) Funds may be appropriated from the education construction fund  
12 exclusively for common school construction or higher education  
13 construction.

14 (b) Funds may be appropriated for any other purpose only if  
15 approved by a two-thirds vote of each house of the legislature and if  
16 approved by a vote of the people at the next general election. An  
17 appropriation approved by the people under this subsection shall result  
18 in an adjustment to the state expenditure limit only for the fiscal  
19 period for which the appropriation is made and shall not affect any  
20 subsequent fiscal period.

21 (5) Funds from the student achievement fund shall be appropriated  
22 to the superintendent of public instruction strictly for distribution  
23 to school districts to meet the provisions set out in the student  
24 achievement act. Allocations shall be made on an equal per full-time  
25 equivalent student basis to each school district. Appropriations may  
26 also be made to the savings incentive account and the education savings  
27 account.

28 **Sec. 10.** RCW 43.135.025 and 2007 c ... s 2 (section 2 of this act)  
29 are each amended to read as follows:

30 (1) The state shall not expend from the near general fund during  
31 any fiscal year state moneys in excess of the state expenditure limit  
32 established under this chapter.

33 (2) Except pursuant to a declaration of emergency under RCW  
34 43.135.035 or pursuant to an appropriation under RCW 43.135.045(4)(b),  
35 the state treasurer shall not issue or redeem any check, warrant, or  
36 voucher that will result in a near general fund expenditure for any  
37 fiscal year in excess of the state expenditure limit established under

1 this chapter. A violation of this subsection constitutes a violation  
2 of RCW 43.88.290 and shall subject the state treasurer to the penalties  
3 provided in RCW 43.88.300.

4 (3) The state expenditure limit for any fiscal year shall be the  
5 previous fiscal year's state expenditure limit increased by a  
6 percentage rate that equals the fiscal growth factor.

7 (4) For purposes of computing the state expenditure limit for the  
8 fiscal year beginning July 1, (~~(2007)~~) 2008, the phrase "the previous  
9 fiscal year's state expenditure limit" means the total state  
10 expenditures from the near general fund, not including federal funds,  
11 for the fiscal year beginning July 1, (~~(2006)~~) 2007, plus the fiscal  
12 growth factor.

13 (5) A state expenditure limit committee is established for the  
14 purpose of determining and adjusting the state expenditure limit as  
15 provided in this chapter. The members of the state expenditure limit  
16 committee are the director of financial management, the attorney  
17 general or the attorney general's designee, and the chairs and ranking  
18 minority members of the senate committee on ways and means and the  
19 house of representatives committee on appropriations. All actions of  
20 the state expenditure limit committee taken pursuant to this chapter  
21 require an affirmative vote of at least four members.

22 (6) Each November, the state expenditure limit committee shall  
23 adjust the expenditure limit for the preceding fiscal year based on  
24 actual expenditures and known changes in the fiscal growth factor and  
25 then project an expenditure limit for the next two fiscal years. If,  
26 by November 30th, the state expenditure limit committee has not adopted  
27 the expenditure limit adjustment and projected expenditure limit as  
28 provided in subsection (5) of this section, the attorney general or his  
29 or her designee shall adjust or project the expenditure limit, as  
30 necessary.

31 (7) "Fiscal growth factor" means the average growth in state  
32 personal income for the prior ten fiscal years.

33 (8) "Near general fund" means the state general fund, health  
34 services account, violence reduction and drug enforcement account,  
35 public safety and education account, water quality account, (~~(or)~~)  
36 student achievement fund, and education legacy trust account.

1       **Sec. 11.** RCW 83.100.230 and 2005 c 514 s 1101 are each amended to  
2 read as follows:

3       The education legacy trust account is created in the state  
4 treasury. Money in the account may be spent only after appropriation.  
5 Expenditures from the account may be used only for deposit into the  
6 student achievement fund, the savings incentive account, and the  
7 education savings account and for expanding access to higher education  
8 through funding for new enrollments and financial aid, and other  
9 educational improvement efforts.

10       NEW SECTION. **Sec. 12.** Sections 10 and 11 of this act take effect  
11 July 1, 2008.

--- END ---